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## ARRA Guidance Bulletin No. 2

TO: Agency Finance Directors

FROM: Statewide Accounting Services

SUBJECT: Medicaid Reimbursements ARRA and non-ARRA Subfunds

DATE: April 1, 2009

While assigning GAAP codes to the subfunds that will be used to account for ARRA Medicaid funds, we noticed inconsistencies in the way agencies account for Medicaid reimbursements. As a result of the inconsistencies Medicaid money is being reported in different GAAP funds in the CAFR.

For example, in FY 1992-93 subfund 3764 - Medicaid Assistance Payments was established. This subfund mirrors subfund 5764 that DHHS uses to receipt Federal Medicaid funds. These subfunds are assigned GAAP codes 200502 and 400502 respectively and, therefore, are reported in the same GAAP fund in the CAFR. Some other agencies are using various subfunds for their Medicaid reimbursement receipts from DHHS including 3037, 3757, and 3035. These subfunds may have different GAAP codes which results in the Medicaid funds not being properly reported in the CAFR.

We request that:

- All agencies use subfund 3764 - Medicaid Assistance Payments to track non-ARRA Medicaid funds received from DHHS effective immediately.
- Agencies using other subfunds to track non-ARRA Medicaid funds received from DHHS during Fiscal Year 2008-09, submit a journal entry that moves this activity from the existing subfund to subfund 3764 - Medicaid Assistance Payments. This entry will correct STARS to record the receipt of non-ARRA payments in subfund 3764 - Medicaid Assistance Payments.

- Agencies not using subfund 3764 - Medicaid Assistance Payments request this subfund to be established for your agency to track non-ARRA Medicaid funds.
- You request subfund 31S2 – Medicaid Assistance ARRA be established to track ARRA funds received from DHHS if you haven't done so already.

These actions will provide consistency and make it easier to identify all Medicaid reimbursements, both ARRA and non-ARRA.

**THANK YOU FOR YOUR ASSISTANCE**